GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1811
ANSWERED ON:10.12.2004
SERVICE TAX
Kamat Shri Gurudas

Will the Minister of FINANCE be pleased to state:

(a) whether Life Insurance Services have come under service tax;

(b) if so, the details thereof;

(c) the new services that have been brought under tax net since June 2004; and

(d) the other new services likely to be brought under the net?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) Yes, Sir.

(b) Service tax is leviable only on the risk cover in life insurance and is in force since 10-9-2004. In cases where the premium amount towards risk cover is not separately shown in the documents, insurance companies have an option to pay service tax on 1% of the gross amount charged. The rate of service tax is 10% plus 2% educational cess (total rate being 10.2%).

(c) The following services were brought under the tax net since June 2004:

(i) Business exhibition services

(ii) Airport services

(iii) Transport of goods by air

(iv) Survey and exploration of minerals

(v) Opinion poll services

(vi) Intellectual property service (except copy rights)

(vii) Forward contract service

(viii) Pandal and shamiana service
(ix) Outdoor catering
(x) TV or radio programme production
(xi) Construction service relating to commercial/industrial buildings
(xii) Travel agents
(xiii) The levy of service tax on Transport of goods by road would come into effect on 1-1-2005.

(d) As it is a policy matter, no comment is offered.